result of the acceptance by the Government of India of our contention that the loss in the working of the Travancore Railway should be apportioned between the Government of India and this Government in proportion to the capital outlay incurred on British and Indian State Sections of the Tinnevelly-Quilon line alone.

In this connection I am glad to inform the House that though the Government of India considered in 1932 that our contention that the advances made by the Secretary of State for India for discharge of Debentures should be charged interest at $3\frac{1}{2}$ per cent only was unjustified, they have, as a result of our representation, now agreed to charge interest on such advances at $3\frac{1}{2}$ per cent only. The saving involved is about Rupees half a lakh.

COMMERCIAL UNDERTAKINGS.

35. *Pallivasal Hidro Electric Project.* Last year the House was informed that the original Power House for the project was found to be not quite satisfactory and that therefore a new Power House at a new site had to be constructed. The new Transformer Yard at Pallivasal has been fixed and the erection in the Yard is in progress. The new Power House building is under construction and I am glad to report that solid rock foundations have been obtained therefor. It is hoped that the installation of the machinery could be done by about the 3rd quarter of the next year. It is anticipated that the scheme will be in commercial service for about 3 months next year and an approximate revenue of Rs 1 lakh has been provided in the next year's budget under this scheme. The total expenditure as at the end of the current year is expected to be Rs 106·24 lakhs and the next year's provision is Rs 31·30 lakhs. Judging by the experience of similar works elsewhere such as Pykara and Mysore, the Scheme should be able to pay a substantial return on the outlay from the second year of its operation.

As power from the Power House at Pallivasal is not yet available, a small Power House has been built as a temporary measure at Kalamassery with second hand generating sets purchased from Coimbatore for meeting the demand for the supply of power to the Sri Chitra Mills, Alwaye. This had to be done in order to secure the market for electric supply and to avoid the installation of thermal stations by possible consumers. The Municipal Town of Alwaye has also been brought under electric supply very recently.

In accordance with the present anticipations and forecast of revenue and expenditure, the scheme is expected to meet interest, depreciation and sinking fund charges and operation expenses within three years from the commencement of the supply.

36. *Trivandrum Electric Supply.* The total cost of this scheme is expected to be Rs. 10·73 lakhs at the close of the current year and Rs. 11·46 lakhs at the close of the next year. The present generation is 1·3 million units as against 1·17 million units last year. The number of consumers is also steadily increasing. The gross receipts for

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the current year are estimated at Rs. 2·51 lakhs and for the next year at Rs. 2·55 lakhs. Substantial reductions in the tariffs have also been made this year.

37. *Quilon Electric Supply.*—The capital outlay on this undertaking is expected to stand at Rs. 2·84 lakhs at the close of this year and at Rs. 3·21 lakhs at the close of the next year. The gross revenue for the current year is estimated to be Rs. ·91 of a lakh while for the next year, the receipts are anticipated to be Rs. 1·37 lakhs. The depreciation and reserve funds opened for the Electric and Telephone Schemes are expected to amount to Rs. 5·39 lakhs and Rs. 2·03 lakhs respectively.

38. *The Trunk Telephone Scheme.*—Since we met here this time last year, negotiations between the Government of India and this Government for the execution of a Trunk Telephone Scheme have been completed. An experienced officer, who was until recently in the Indian Posts and Telegraphs Department, has been appointed as Telephone Engineer to design and construct the All-Travancore Trunk Telephone Scheme. An estimate of Rs. 8 lakhs has been sanctioned for the work. But only about a fifth of the sanctioned estimate is expected to be spent this year as most of the materials required for the construction of the scheme will be arriving only at the beginning of next year. The scheme contemplates the linking of all the important towns in the State in addition to a net work specially to be constructed for the Pallivasal Hydro-Electric Scheme to facilitate operation. The survey works have already been completed for the line between Trivandrum and Nagercoil and the construction has just been started. It is proposed to use Ascu treated timber for most of the trunk telephone lines. For the next year a provision of Rs. 5·99 lakhs has been made in the budget for the continuance of the work.

39. *Clay Refining and Porcelain Factory.* – The construction of the buildings for the factory is in rapid progress and the machinery is being fitted up. It is expected that the factory will actually begin to work very shortly. The total expenditure on account of the buildings and the machinery would be about Rs. 4·74 lakhs at the close of the current year and a provision of Rs. 1·35 lakhs has been made in the next year's budget for the completion of the buildings and machinery and the refining operations. A net revenue of Rs. ·95 of a lakh is expected in the next year. This works up to 15 per cent. on the capital outlay.

40. *Commercial Transport.*— This scheme which was announced at the Budget Session of the Assembly and the Council last year, began actually to function in Kumbhom last with a fleet of 59 buses and 1 break-down lorry. Service was first started on the Trivandrum—Nagercoil—Cape and Nagercoil—Colachal routes. Later on, the Trivandrum Town Service and the Trivandrum—Nedumangad service were also taken up by the Transport Department. Just 3 days back *i. e.*, on the 5th of Karkatakam, Trivandrum —Quilon route also began to

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be served by the State Transport Scheme. On the whole, about 110 miles, besides at Trivandrum Town are now under operation. It is proposed to take over some of the feeder routes of the main Trivandrum Cape Road for operation in the course of the next year. Negotiations for taking over the Transport business of the K. D. H. P. Co., have been practically completed. The investments up-to-date amount to Rs. 5·85 lakhs and the net receipts for the current year after providing for interest on capital and depreciation, are expected to be Rs. 1·5 lakhs. Government have every reason to hope that the scheme would give a substantial income on their outlay besides affording improved conveniences, and facilities to the travelling public in general. For the maintenance of the lines already opened and for the further expansion of the scheme, a lump sum provision of Rs. 4·15 lakhs has been included in the budget for the next year.

41. *The State Land mortgage Bank.*—The business of the State Land Mortgage Bank with all its assets and liabilities, is proposed to be transferred to the Travancore Credit Bank which, as the House is aware, was recently established as a Share-holders' Bank under Regulation IV of 1113 and which is expected to commence operations by about the middle of Chingom next. Provision has been made for the continuance of the existing Land Mortgage Bank for one month in 1114, pending its actual absorption by the Credit Bank.

42. *State Life Insurance (Public Branch).*—The Public branch of the State Life Insurance scheme has just entered the fifth year of its operations. Its increasing popularity is evident from the huge volume of business secured in a short period of 4 years. 5376 proposals for nearly 49 lakhs have been received so far and policies assuring a total sum of Rs. 34 lakhs have already been issued. The monthly premium receipts now range between Rs. 12,000 and Rs 15,000. The balance to the credit of the Fund stood at Rs. 2·26 lakhs at the beginning of the current year and it is expected that the Fund will have Rs. 3·66 lakhs to its credit at the end of the year and Rs. 5·41 lakhs at the end of 1114. The expense ratio is expected to remain at 14 per cent. or even below. The accounts of the Fund are kept separate and Government have no financial commitments with regard to the guarantee of interest as in the Official Scheme. In spite of this, the interest yield on the Fund is satisfactory and the actual yield for 1112 was well above 3 per cent.

43. *State Life Insurance (Official Branch).*—The policies in force at the beginning of the year were 643 and the Fund balance stood at Rs. 4·5 lakhs.

The actuarial valuation of the Fund for the quinquennium ended 31st Karkadagom 1111 completed during the year, disclosed a surplus of Rs. 99,932 including carried forwards from the previous valuations and a simple Reversionary Bonus of $1\frac{1}{4}$ per cent. per annum was declared.

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44. *The State Provident Fund.*—The State Provident Fund was instituted in the year 1107 with the object of making provision for Government employees in their old age or for their families in case of their premature death. The scheme maintained its record of progress during the year also. It has become popular and up to 3rd Mithunam 1113, 11134 accounts have been opened of which 10418 are effective. The closing balance for the current year is expected to reach Rs. 9·34 lakhs and Rs. 11·54 lakhs at the end of 1114.

45. *Cochin Harbour.*—According to the agreement of 1925 one-third of the cost of the fourth stage works in the Harbour estimated to cost Bh. Rs. 92·83 lakhs is payable by this Government. Of this Rs. 22 lakhs has already been paid and a provision of Rs. 9·16 lakhs has been made for final payment in the next year. The share payable by this Government towards the purchase of a Dredging Plant for the Harbour has been paid to the Harbour authorities and repayments in respect of the loan advanced last year have already begun with interest at 4 per cent. per annum.

46. *Assets and Liabilities.*—I furnish on pages 11 and 12 of the budget estimates the usual statements of assets and liabilities. The Government balance at the end of the next year is estimated at Rs. 90·36 lakhs including the General Reserve Fund of Rs. 60·55 lakhs, the Revenue Reserve Fund of Rs. 12 lakhs and the Sinking Fund Reserve of Rs. 15·79 lakhs. This includes the sum of Rs. 184·38 lakhs representing the estimated expenditure on remunerative schemes shown under Debt Heads to the end of 1114. We have financed hitherto capital expenditure on schemes, both productive and non-productive, to the extent of Rs. 3·75 crores. The Government five per cent. loan of 1091 has already been secured by investments in gilt-edged securities and the recent $3\frac{1}{2}$ per cent. loan and special loans are more than covered by the value of our remunerative assets. Our gilt-edged surplus investments amount to Rs. 150·29 lakhs and our other liquid assets to more than Rs. 100 lakhs.

47. *Ways and Means.*—Our surplus investments in Government of India Securities and short-term deposits in Banks which stood at Rs 196·09 lakhs at the beginning of the year are expected to stand at Rs. 202·20 lakhs at the close of the year on account of further investments during the year in short-term deposits. Our closing cash balances at the end of the current year are estimated at Rs. 52·16 lakhs.

With a view to finance the estimated programme of our capital schemes both productive and non-productive and to maintain adequate cash balance in our Treasuries and the Banks, it is proposed to credit the short-term deposits in Banks when they mature and also to withdraw Rs. 25·44 lakhs next year from our surplus investments. The investment account which will be operated on to finance our programme, both productive and non-productive, and which will keep in view the maintenance of adequate balances in our Treasuries and in approved Banks, is estimated to stand at Rs. 15·029 lakhs at the close of the next year. Our closing cash balance at the close of the ensuing year is expected to amount to Rs. 40·97 lakhs. The general financial position of the State can, therefore, be asserted to be thoroughly sound and satisfactory.

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